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Senate Committee on Indian Affairs
Legislative Hearing
On A Bill to Reauthorize
the Indian Health Care Improvement Act (S. 556)

July 23, 2003

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Good morning and welcome to the Senate Committee on Indian Affairs hearing on a Bill to Reauthorize the Indian Health Care Improvement Act (S.556).

This hearing is the third in a series of hearings the Committee has held on the Reauthorization. Today we will receive testimony on the areas of health care financing as it relates to third-party reimbursements such as Medicare, Medicaid and private insurance.

Throughout these hearings, we have heard one major recurring theme: for Indian health to be improved, we must provide additional funding. There are more needs than money for health care - estimates range from approximately $1.5 billion to several billion in annual unmet needs. These shortfalls mean that many Indians are not getting the health care they need. That is a frightening thought considering the rates of diabetes, tuberculosis and alcoholism, just to name a

few of the diseases plaguing Indian country.

Facing these challenges, Indian country has been resourceful in finding financing creative alternatives to address these needs and raise the status of Indian health. These efforts led to the passage of the Indian Health Care Improvement Act in 1976 which was the first comprehensive Federal initiative on Indian health care. It was designed to raise the health levels of Indians and achieve parity with the levels of the general population.

The Act also enabled the Indian Health Service and the tribes to access third-party reimbursements such as Medicaid and Medicare and to bill directly for reimbursement. Once tribes began accessing these resources, several obstacles arose such as a systematic exclusion of tribal members and incompatible billing systems.

Instead of providing more health care to Indians, tribes had to divert or find money for billing software and computer systems. Instead of receiving reimbursements for their elder tribal members, tribes had to compensate for the services because these elders could not be enrolled in Medicare.

Enrollment in these programs was problematic for several reasons. First, many tribal elders may not have had the opportunity to work in a job contributing to social security and were, therefore, disqualified from enrollment. Second, potential beneficiaries were excluded because trust or restricted lands had been included in determining eligibility.

This was particularly disturbing to me. These issues should not arise in the Indian health care system.

S.556 attempts to address these barriers. For example, S.556 provides for more outreach so the elders and low-income individuals can learn about the alternatives like Medicaid, Medicare and SHCIP, and, more importantly, qualify for these programs. S.556 also codifies and clarifies the exclusion of trust and restricted properties from eligibility calculations and, in the process, potentially increases access to these programs.

Despite these problems, the tribes have still made the best of the situation. One thing that has helped is increased agency cooperation. Since the enactment of the Act, Federal agencies have recognized the benefits of increased cooperation in Indian health.

For example, the 1996 Memorandum of Agreement between the Indian Health Service and the Centers for Medicaid and Medicare Services in DHHS has given *states* financial incentives to cooperate in Indian health care. The Federal government matches 100% of the cost of Medicaid services provided by the IHS or tribes. So the state, when its Medicaid program is tapped, is then fully reimbursed for these Indian beneficiaries served by IHS or tribal health. S.556 codifies this reimbursement arrangement contained in the MOA.

We can see that some obstacles have been reduced, but not completely, so we still have much work to do and improvements to make. We need a clear assessment of the barriers to financing health care and suggestions for improvement. We look to Indian country for their expertise in making these improvements which is the goal of today's hearing.

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